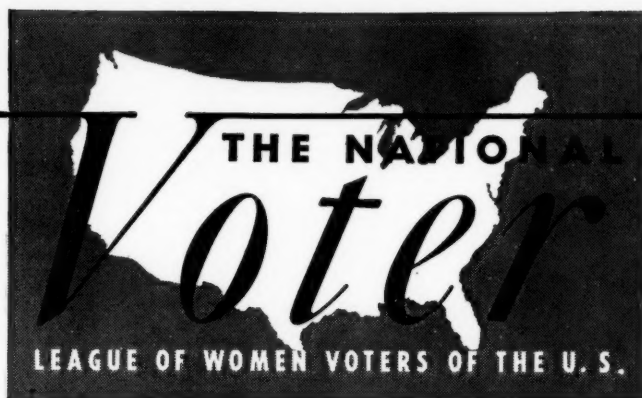


JULY 15, 1956



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TO PUT IT SIMPLY

YOU will have a this-is-where-I-came-in feeling if you read congressional testimony on the proposed Customs Simplification Act.

In July 1955, H. Chapman Rose, then Assistant Secretary of the Treasury, testified:

In September 1953, the backlog [of import transactions on which final determination of duty was still unsettled] had reached an all-time high of 900,000 . . . It would have taken the Customs Bureau one year to dispose of the backlog without handling any current work . . . As of the end of the first quarter of this year, this backlog had been reduced by nearly one third—to 655,000. The volume of imports continues at peak levels . . . The one area of Customs administration which most urgently needs revision and simplification is that relating to the procedures for the valuation of imports.

In June 1956, Mr. Rose, now retired from Treasury, again testified, saying:

The backlog has been reduced from 900,000 entries to 626,000 at the end of last March . . . During the last year there has been approximately an 11 per cent increase in imports; improved procedures have succeeded only in staying abreast of the increase . . . It has been clear to me for some time that a major field in which Customs procedures require improvement is that of valuation.

As the Red Queen said to Alice: "It takes all the running you can do to keep in the same place. If you want to get somewhere else you must run at least twice as fast as that."

The running has been a little faster since the Customs Simplification Acts of 1953 and 1954, but neither of these touched the sensitive nerve of valuation. H.R. 6040 does. The bill is described as "an Act to amend certain administrative provisions of the Tariff Act of 1930 and to repeal obsolete provisions of the Customs laws."

Yet, because provisions of the bill would slightly decrease the average dutiable value, opponents complain that the purpose of the bill is to reduce tariff protection.

Proponents believe that protection by cumbersome and commercially unrealistic procedures is not the intent of Customs law. They say that ample protection for domestic industry is contained outside Customs law—in tariff rates and in the escape clause and peril point provisions of trade Acts.

The Treasury Department, which administers Customs law, just wants to put it simply.

The Change Proposed

Under existing law, Customs appraisers must determine duty on the higher of two values—"export" or "foreign." Export value is the price to the importer; foreign value is the wholesale price to buyers in the country of the exporter.

Foreign value is usually higher.

This may seem illogical. But foreign value often includes such costs as the exporting country's own internal taxes; or promotion and distribution, which in some countries are borne by the producer and included in the wholesale price. These would not be included in export value. (Examples are given in *THE NATIONAL VOTER* of June 1, 1955.) Furthermore, determination of foreign value requires many time-consuming foreign investigations, and the delay is so discouraging to importers that the valuation procedure constitutes one of the major stumbling blocks to increased world trade.

H.R. 6040 as passed by the House June 22, 1955, would have required the Treasury to substitute export value for foreign value in determining duty.

To test the validity of the viewpoint of opponents of the legislation, the Treasury conducted a survey in eight key ports to see to what extent the use of export value as compared

Trade Is Busting Out All Over

June 22—National Association of Blouse Manufacturers withdraws application to Tariff Commission for import quotas on Japanese-made cotton blouses, saying: "importation of cotton blouses may not cause . . . the degree of serious injury complained of in our application."

June 25—President concurs with Tariff Commission's recommendation to quadruple tariff on certain imports of linen toweling. One firm had filed application claiming "serious injury." Procedure required look at linen towel industry as whole. Commission found commodity was being imported in such quantity as to cause "serious injury to the domestic industry." Com-

mission also found that the entire domestic industry appears to be the one firm that claimed injury.

June 28—Louisiana League of Women Voters opposes Japanese textile boycott bill in State Legislature. "Let us think carefully," said League in asking Senate to reject House-passed bill, "before we bolster one segment of our economy by striking out in a way that will ultimately injure all."

June 28—Day's closest vote in Senate was 43 yeas, 45 nays. What was it on? An amendment to Mutual Security authorization to place import quotas on cotton, other farm surpluses, and goods made therefrom.

with foreign value would affect Customs duty.

It was found that the elimination of foreign value would have meant an over-all average decrease of about 2.5 per cent in dutiable value. The range was from an insignificant amount for some commodity groups to as much as 30 to 40 per cent for others, or in rare cases perhaps even more. It is obvious that if the average is as low as 2.5 per cent, there cannot be many cases of commodities at the extreme high. It is equally obvious that most of the opposition to the legislation comes from manufacturers of those few commodities.

If the valuation formula as originally proposed in H.R. 6040 had been used to establish duties on the imports that came into the United States in 1954 (\$10.491 billion) only 13 per cent (\$1.411 billion) would have been affected, according to Treasury estimates. Mr. Rose testified that the reduction in dutiable value would have been \$35 million.

But, to make the bill more palatable to those opposing it, the Treasury proposed two amendments while the Senate Finance Committee was considering the legislation, and the Committee accepted both.

The first of these amendments provides that the new method of determining valuation by export value would be applied for four or five years on only those commodities to which the reduction in value would mean less than five per cent; foreign value would continue to be applied to all others. At the end of the trial period the new system would apply to all goods, unless Congress acted to the contrary. Under this provision, the reduction in dutiable value (of the \$1.411 billion of imports) would have been only \$2 million.

The second amendment would continue indefinitely the double standard of valuation on those commodities to which the reduction would mean five per cent or more. A positive act by Congress would be necessary to put them under the single value system.

H.R. 6040, with the two amendments above described, was reported favorably by the Senate Finance Committee July 10.

Two major trade proposals have been before Congress this year. H.R. 5550 (providing for U.S. participation in the Organization for Trade Cooperation) has little hope of passage. The other is H.R. 6040. What will be its fate?

During the Senate Finance Committee's recent hearings, the League on June 28 submitted a statement in support of H.R. 6040; copies are available at two for five cents. Additional material is available in League publication *Pending Trade Issues*.

LEAGUE OFFICIAL HONORED

A Carleton College Alumni Achievement Award was presented June 11 to Mrs. Robert F. Leonard, national First Vice President of the League 1950-56 and now chairman of the new Policies and Procedures Committee. At commencement ceremonies Mrs. Leonard received the award from her Alma Mater in Northfield, Minn., for "her devoted interest in civic betterment, particularly for noteworthy accomplishment as a national officer of the League of Women Voters."

Tips and Tapes and Charts and Things

• If you want the latest information on **UNITED NATIONS**, you will be glad to know that a new edition of the *Pocket Reference* is ready. It lists up-to-date facts and figures, member nations including the 16 new ones, highlights of action, pending problems. The first edition, in 1955, went into four printings; 120,000 copies were sold and we could have sold more. Useful to individuals, cheap enough for mass distribution to or by other groups to which you belong, it sells at \$1.00 for 25 copies.

• If you want to keep up with the **TRADE** picture, you will need a copy of *Facts and Attitudes on World Trade*. It is a digest of the trade surveys conducted by 3500 members of 530 local Leagues in 41 states; 11,229 interviews were held. Attractive to look at, easy to read, it shows what people all over the country are thinking about U. S. trade policy. Per copy, 35¢.

• To find out what national leaders in and out of government were thinking about **TRADE**, particularly U. S. participation in the Organization for Trade Cooperation (OTC), the League's national President interviewed six persons—a Cabinet member, a Senator, a Representative, and three others. The result is a lively tape recording which sells for \$3.00.

• If you want to know more about how to make your local League effective on **RADIO**, you will find helpful advice in *Tips on Radio*, a new publication selling for 25¢ a copy.

• If it is **VOTERS SERVICE** that dominates your planning at present, you will need the new *Voters Service Kit*, now ready at \$1.00.

• If you are chart-minded, and looking for something concise in the field of **INTERNAL SECURITY**, we have a chart which shows the many government departments and agencies involved. Still new, it has proved so successful that we have prepared two similar ones on **CONSERVATION**. If you want basic information on the national Program items, the three charts are available at 15¢ each, including guides for use.

• To order any of the above, consult your **Publications Chairman**.

★ CONGRESSIONAL ★ SPOTLIGHT

WATER POLLUTION CONTROL: President signed, July 9, Water Pollution Control Act, authorizing \$500 million to be spent in matching funds to help communities build sewage disposal plants, \$3 million in matching funds to states for control programs, and \$100,000 for research fellowships; establishing a 9-member Water Pollution Control Advisory Board to be named by the President; and specifying procedures for enforcing pollution rules that could be instituted either in the state where pollution originated or where it was discharged.

LOYALTY-SECURITY PROGRAM: Senate Internal Security Subcommittee held hearings on similar bills to amend "summary suspension" Act of 1950 in order to clarify the President's power to extend the security program to cover all government employees, regardless of position. Bills and sponsors: **S. 4047**, Mundt (R., S.D.), Martin (R., Pa.), Cotton (R., N.H.), and Knowland (R., Calif.); **S. 4050**, Eastland (D., Miss.); and **S. 4051**, McCarthy (R., Wis.). House Civil Service and Post Office Subcommittee considered **H.R. 11721**, (Walter, D., Pa.), to permit summary suspension of any federal civilian employee in "the interests of national security"; and **H.R. 11841** (Rees, R., Kans.), to re-create a federal employee loyalty program and provide for appeals to a central loyalty review board and the courts.

MUTUAL SECURITY AUTHORIZATION: Senate and House adopted conference report on **H.R. 11356** July 9 authorizing \$3.9 billion for foreign aid in fiscal 1957. Includes \$15.5 million U.S. contribution to U.N. Expanded Technical Assistance Program. The unappropriated authorization for \$100 million which remained in the President's fund for Asian development was repealed.

MUTUAL SECURITY APPROPRIATION: House passed **H.R. 12130** to provide \$3.4 billion for the foreign aid program in fiscal 1957. Reduced funds for U.S. contribution to U.N. Expanded Technical Assistance Program to \$10 million. Senate Appropriations Committee sustained cut July 13. An attempt to restore \$5.5 million will be made on the Senate floor.

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